

Message Text

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ORIGIN TRSE-00

INFO OCT-01 EUR-12 EA-07 IO-13 ISO-00 FEA-01 AGRE-00
CEA-01 CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01
INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05
CIEP-01 SS-15 STR-04 ITC-01 USIA-06 PRS-01 SP-02
OMB-01 XMB-02 /110 R

TREASURY

DRAFTED BY TREASURY:M.RYSS
APPROVED BY EB/IFD/ODF:JABWINDER
TREAS:D.KLOCK
EXIM:S.GOODMAN
STATE:F.THOMAS
COMMERCE:R.LEE
STATE:R.MEYER (PARAS 3 AND 4)
COMMERCE:H.BRATT(PARAS 3 AND 4)
EUR/RPE:RBRESSLER
STR:B.WILSON (PARAS 3 AND 4)
-----100634Z 119846 /15

R 092043Z FEB 77
FM SECSTATE WASHDC
TO AMEMBASSY PARIS
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
USMISSION EC BRUSSELS
AMEMBASSY DUBLIN
AMEMBASSY TOKYO
AMEMBASSY COPENHAGEN
USMISSION GENEVA
AMEMBASSY LONDON
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AMEMBASSY LUXEMBOURG
USMISSION OECD PARIS
AMEMBASSY OTTAWA
AMEMBASSY ROME
AMEMBASSY THE HAGUE

C O N F I D E N T I A L STATE 029428

E.O. 11652:

TAGS:

SUBJECT:EXPORT CREDITS: EC COMPETENCY ISSUE AND EXPORT
INFLATION INSURANCE

REF (A) EC BRUSSELS 0815 (B) BONN 1077 (C) EC BRUSSELS
12213

1. AS REFTELS INDICATE, RESOLUTION OF EC COMPETENCY ISSUE
RESTS PRIMARILY ON FRENCH. WE ATTACH IMPORTANCE TO EARLY
ACTION BY EC ON COMPETENCY ISSUE SO THAT FURTHER ACTION CAN
BE TAKEN IN EXPORT CREDITS AREA, OR, AS A MINIMUM, PROVIDE
FOR A CONTINUATION OF PRESENT CONSENSUS. ACCORDINGLY WE
BELIEVE A DEMARCHE ON THIS ISSUE BY EMBASSY
IS APPROPRIATE AT THIS TIME.
2. EMBASSY SHOULD NOTE THAT USG NOT RPT NOT TAKING SIDES
IN DISPUTE BETWEEN COMMISSION AND MEMBER STATES BUT DOES
STRESS NEED FOR WORKABLE SOLUTION WHICH WOULD PERMIT
NEGOTIATION ON A MEANINGFUL INTERNATIONAL AGREEMENT.
3. ON RELATED ISSUE OF FRENCH EXPORT INFLATION INSURANCE
SCHEME WHICH PRESENTLY UNDER CONSIDERATION BY GATT WORKING
PARTY, EMBASSY AT SAME TIME SHOULD EXPRESS HOPE THAT GOF
WILL TERMINATE THIS SCHEME IN NEAR FUTURE. YOU MIGHT NOTE

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THAT CONTINUED MAINTENANCE CREATES PRESSURE ON OTHER
GOVERNMENTS TO EMULATE FRENCH SYSTEM, MOST NOTABLY THE UK.
THE UK HAS ALREADY DECIDED TO OBTAIN PARLIAMENTARY APPROVAL
FOR EXTENSION ITS SCHEME, AND US EXPORTERS ARE PRESSING FOR
SUCH A SCHEME. FURTHER, A STAFF REPORT OF THE HOUSE
SUBCOMMITTEE ON INTERNATIONAL TRADE, INVESTMENT AND
MONETARY POLICY HAS RECOMMENDED THAT QUOTE THE US SHOULD
ATTEMPT TO PERSUADE THE BRITISH AND THE FRENCH TO DROP
THESE PROGRAMS, BUT, AS A LAST RESORT, SHOULD BE PREPARED
TO ADOPT SIMILAR SERVICES ITSELF TO PREVENT OTHER
COUNTRIES FROM GAINING A COMPETITIVE ADVANTAGE UNQUOTE.
PROLIFERATION OF SCHEMES WOULD NOT ONLY BE COSTLY IN
BUDGETARY TERMS BUT UNDESIRABLE WAY TO DEAL WITH ADJUST-
MENT PROCESS AND INTERNATIONAL COOPERATIVE EFFORTS NEEDED
DURING COMING YEAR.

4. THE US POSITION AT THE GATT WP MEETING IN NOVEMBER WAS
THAT INFLATION INSURANCE SCHEMES (A) INTRODUCE DISTORTIONS
IN THE INTERNATIONAL TRADE IN CAPITAL GOODS BY GIVING
BENEFICIARY EXPORTERS SUBSTANTIAL BIDDING ADVANTAGES,
(B) ARE EXPORT SUBSIDY INCONSISTENT WITH GATT ARTICLE XVI,

AND (C) THEY SHOULD BE TERMINATED.

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Message Attributes

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Sent Date: 09-Feb-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Litigation History:
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